

Exhibit 24

Lawmakers in Both Parties Vow to Rein In Insulin Costs

By Robert Pear
April 10, 2019

WASHINGTON — Members of Congress from both parties expressed immense frustration on Wednesday at big increases in insulin prices and vowed to work together on legislation to prevent more people from dying because they could not afford the lifesaving medicine.

Representative Earl L. Carter, Republican of Georgia, said at the end of a three-hour hearing with pharmaceutical executives and middlemen, known as pharmacy benefit managers, “You’ve done something here today that we’ve been trying to do in Congress for years, and that is to create bipartisanship.”

“This is going to end,” Mr. Carter, known as Buddy, said of the convoluted arrangements that drive up list prices of insulin and the out-of-pocket costs for many people with diabetes.

The hearing was one of several indications that Congress was serious about trying to address the cries of distress from constituents unable to afford the medicines they need.

Mr. Carter’s comments echoed statements by Representative Jan Schakowsky, Democrat of Illinois, who said that “on both sides of the aisle, there is a commitment” to end price gouging by insulin manufacturers.

Insulin manufacturers said that prices were going up, in part, because they had made many improvements in insulin products, leading to better treatment and longer lives for people with diabetes.

But Representative David B. McKinley, Republican of West Virginia, said he was baffled.

“Innovation is supposed to drive the prices down, not up,” Mr. McKinley said.

Congress heard from the three main producers of insulin — Eli Lilly and Company, Novo Nordisk and Sanofi — and from three middlemen that manage drug benefits for most Americans: CVS Health; Express Scripts, which was acquired last year by Cigna; and OptumRx, which is part of UnitedHealth Group, the nation’s largest health insurance company.

The drug makers said they could not reduce list prices because it was not feasible to do so in “the system” as it now exists. In that system, they said, the middlemen and insurance companies demand discounts, rebates and other price concessions that are calculated as a percentage of the list price. And they provide the concessions to guarantee that their drugs will be covered.

But, they said, many consumers, including people with high-deductible health insurance plans and people who are uninsured, do not receive the benefit of those discounts.

The drug makers said that the net price they received for insulin — after discounts and rebates — was declining, even as the list prices were rising.

“For example,” said Kathleen W. Tregoning, an executive vice president of Sanofi, “the average net price of Lantus, our most prescribed insulin, has declined by over 30 percent since 2012, while the average out-of-pocket burden for patients with commercial insurance and Medicare has increased by approximately 60 percent over the same period.”

Michael B. Mason, a senior vice president of Lilly, said the company could not reduce the list prices of its insulin products.



Eli Lilly and Company is one of the three main producers of insulin. Michael B. Mason, a senior vice president at the company, said reducing the list prices of its insulin products would be “too disruptive.”

Darron Cummings/Associated Press

“No pharmaceutical manufacturer has lowered list price for a significant medication because it is too disruptive to the system and thus to people who rely on that medication,” he said in his written testimony.

Sign Up for On Politics A guide to the political news cycle, cutting through the spin and delivering clarity from the chaos. [Get it sent to your inbox.](#)

Under questioning by members of Congress, Mr. Mason said: “The current system is not working. We agree 100 percent.”

Representative Diana DeGette, Democrat of Colorado, who presided over the hearing as the chairwoman of the Energy and Commerce Subcommittee on Oversight and Investigations, said, “The people who are suffering are the people who need insulin every second of every minute of every day or they will die.”

Ms. DeGette, who has a 25-year-old daughter with diabetes and is a leader of the Congressional Caucus on Diabetes, said she saw a high likelihood of bipartisan agreement on legislation to address the problem. Lawmakers will work with drug companies and pharmacy benefit managers, she said.

Although she represents a liberal Denver district, Ms. DeGette has a history of working with Republicans on health legislation like the 21st Century Cures Act, adopted in 2016 to speed the discovery of cures for killer diseases.

The chairman of the Energy and Commerce Committee, Representative Frank Pallone Jr., Democrat of New Jersey, told the witnesses that he believed in a competitive market built on private enterprise, but that many of his constituents were losing faith in it.

“My constituents are disgusted,” Mr. Pallone said, adding, “What they tell me is: ‘Just set the price. You the Congress or some government agency should set the price, and that’s it.’”

The drug companies generally endorsed a proposal by President Trump to outlaw payment of rebates unless they are passed on to consumers. The pharmacy benefit managers said premiums would go up if they no longer received rebate payments.

On Tuesday, the House Ways and Means Committee voted unanimously to approve a bill that requires drug manufacturers to publicly justify large price increases for existing drugs and high prices for new products. Drug companies would, for example, have to report what they spent on research and development of such drugs, as well as the costs of manufacturing, marketing and advertising them.

Also on Tuesday, the Senate Finance Committee held a hearing to investigate the business practices of pharmacy benefit managers.

“The current system is so opaque that it’s easy to see why there are many questions about P.B.M.s’ motives and practices,” said Senator Charles E. Grassley, Republican of Iowa and the chairman of the committee, referring to the managers.

Senator Sheldon Whitehouse, Democrat of Rhode Island, said that drug manufacturers had performed a remarkable act of “political jujitsu,” shifting the blame for high drug prices to the middlemen.

But Senator Ron Wyden of Oregon, the senior Democrat on the Finance Committee, said the middlemen had “raked in profits while drug prices have shot into the stratosphere.”

“Whether pharmacy benefit managers bring any real value to taxpayers is a mystery,” Mr. Wyden said.